## The City of Lynchburg, Virginia



AGENDA ITEM #\_\_\_\_\_\_

City Manager's Office

TO:

City Council

FROM:

L. Kimball Payne, City Manager

Bonnie Svrcek, Deputy City Manager

SUBJECT:

Balancing the Budget

DATE:

April 22, 2004

Attached for your discussion on Tuesday is a revised balance sheet based on your budget decisions of April 20, 2004.

This balance sheet outlines the two alternate proposals presented last week. The only difference between Alternate A and Alternate B is whether to increase Business Property Tax to \$4.00 (Alternate A) or reduce Personal Property from \$4.00 to \$3.95 and increase Business Property Tax to \$3.95 (Alternate B).

Also, please note that the \$298,000 in potential savings for Group Life Insurance has not been added to the balance due to the continued uncertainty of General Assembly actions.

Alternate A results in a balance of \$580,763 and Alternate B results in a balance of \$392,593. If Council chooses to increase the lodging tax a public hearing will have to be held

Items for discussion are listed following the revised balance on the second page.

If there is any other information that staff can provide for you prior to the work session or at the work session, please let us know.

Thank you.

## Attachments

c: Patricia Kost, Clerk of Council
 Leadership Team
 Donna Witt, Assistant Director of Financial Services

Balancing the Budget (April 27, 2004)				1	uits of		ete A Proposel		ate B Proposal
(with Alternate proposals)	Revised			Apr	ii 13, 2004	April 2	27, 2004	April 2	7, 2004
	April 13,2004		Notes	Work Session		(Pers/	Bus tax to \$4.00)	(Pers/Bus tex to \$3.95	
	T						T.		
Y 2005 Proposed Budget Revenues	\$	128,107,461		\$	128,107,461	\$	128,107,461	\$	128,107,461
hanges to Proposed Revenues	<u> </u>			-					
ION-DEDICATED REVENUES	!					L			
General Property Taxes	\$	128,468		\$	128,468		128,468	\$	128,468
other Local Taxes	\$	1,449,419	includes raising personal property	\$	1,449,419	\$	1,449,419	\$	1,449,419
	<u> </u>		for vehicles to \$4.00 (\$1,431,700)						
Permits, Fees and Licenses	j \$			\$		\$		\$	<u>-</u>
lse of Money and Property	\$	(40,253)		\$	(40,253)		(40,253)	\$	(40,253
harges for Services	\$	448,727	Includes increased ambulance fees	\$	448,727		448,727	\$	448,727
liscellaneous	\$	-		\$		\$	•	\$	-
tate Non-Categorical Aid	\$	205,711		\$	205,711		205,711	\$	205,711
Change in Non-Dedicated Revenues	\$	2,192,072		\$	2,192,072	\$	2,192,072	\$	2,192,072
EDICATED REVENUES								1	
state Categorical Aid-Constitutional Offices	\$	173,023	Based on information from the	\$	173,023	\$	173,023	\$	173,023
			Compensation Board			L			
tate Categorical Aid-Intergovernmental	\$			\$		\$		\$	
tate Categorical Aid-Grants	\$	(150,000)	Budgeted incorrectly in the	\$	(150,000)	\$	(150,000)	\$	(150,000
			General Fund						
Change in Dedicated Revenues	\$	23,023		\$	23,023	\$	23,023	\$	23,023
OTAL CHANGE IN REVENUES	\$	2,215,095		\$	2,215,095	\$	2,215,095	\$	2,215,096
OTAL REVISED REVENUES	\$	130,322,556		\$	130,322,556	\$	130,322,656	\$	130,322,556
Hernate proposals	1								
Increase lodging tax from 5.5% to 6.5% plus the \$1.00/room per night						\$	177,800		
Increase lodging tax from 5.5% to 6.5% plus the \$1.00/room per night	<del> </del>			_				\$	177,800
: Increase admissions tax from 5% to 7% rather than the Manager's	<u> </u>					\$	(168,000)		
proposed from 5% to 10%	1							\$	(168,000
: Increase admissions tax from 5% to 7% rather than the Manager's	<u> </u>	· · · · · · · · · · · · · · · · · · ·						-	
proposed from 5% to 10%	<del> </del>					<u> </u>		<u> </u>	· · · · · · · · · · · · · · · · · · ·
: Increase Business Personal Property from \$3.30 to \$4.00						\$	630,000	<del></del>	
: Increase Business Personal Property from \$3.30 to \$3.95	-							\$	585,000
Increase Personal Property from \$3.30 to \$3.95 (\$.45 increase	1							\$	(143,170
from Manager's proposed of \$3.50)								1	
Increase meals tax from 6.0% to 6.5% rather than the Manager's proposed	ļ			<del></del>		\$	(626,720)	<b>-</b>	
from 6.0% to 7.0%	ļ					ļ		5	(626,720
Increase meals tax from 6.0% to 6.5% rather than the Manager's proposed	<b>_</b>					ļ			
from 6.0% to 7.0%	<del> </del>							-	
: Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed	<del> </del>					\$	(1,262,000)	-	
from \$1.11 to \$1.18	<del> </del>							\$	(1,282,000
: Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed									
from \$1.11 to \$1.18	1								<del> </del>
: Revenue from General Relief	ļ					\$	-		
: Revenue from General Relief	<u> </u>		<u> </u>			. <u> </u>		\$	
EVISED REVENUES WITH ALTERNATE PROPOSALS	1			- 1		\$	129,073,636	\$	128,885,466

Balancing the Budget (April 27, 2004)				Res	ults of	Altern	sate A Proposal	Alternate B Proposal		
(with Alternate proposals)	Revised			April 13, 2004			27, 2004	April 27, 2004		
	April 1	13,2004	Notes		rk Session		(Bus tax to \$4.00)		rs/Bus tax to \$3.95)	
FY 2005 Proposed Budget Expenditures	\$	128,107,461		\$	128,107,481		128,107,481	\$	128,107,461	
Changes to Proposed Expenditures				<del></del>		ļ				
April 13, 2004 City Council Actions	$\overline{}$		<del> </del>	<del></del>	<del></del>	<del> </del>		-	<del></del>	
City Council: Defer salary increase to future	N/A		1	<del>-</del>	(07 E00)	<del> </del>	(O7 500)	-	(07.500)	
Public Works: Restore funding for safety picnic and meals	N/A		<del> </del>	<u> </u>	(27,508)		(27,508)	\$	(27,508)	
for employees attending training events that extend beyond	- Iwa		+	S	4,400	\$	4,400	\$	4,400	
traditional meal times			+			—				
CASA	N/A			<del>-</del>	40.557	<del>  </del>	40.557		10.55	
GLTC (restore night service)	N/A		Deced at increased force	\$	10,557		10,557	\$	10,557	
Legal Aid			Based on increased fares	S	53,240		53,240	\$	53,240	
Central Virginia Area Agency on Aging	N/A N/A			\$	•	\$	-	\$	-	
Central Virginia Area Agency on Aging	IVA			\$	· · · · · · · · · · · · · · · · · · ·	\$		- 5	-	
April 13, 2004 City Council Action (Adjustments and Corrections)				+		<del>                                     </del>				
Salary supplement for Building Inspectors based on certification(s)	\$	12,000		\$	12,000	\$	12,000	\$	12,000	
Correction: Reduce Police Cadet Program from 6 to 4 positions	\$	(55,000)		\$	(55,000)		(55,000)	\$	(55,000)	
Correction: Double Budgeted Neighborhood Coordinator Position	\$	(46,000)		š	(46,000)		(46,000)	\$	(46,000)	
Adjustments to Council/Manager's Budget based	\$	6,617	,—————————	\$	£ £17	<u> </u>	2 647		2 547	
on membership dues notification for the	- 1	0,017			6,617	<u> </u>	6,617	\$	6,617	
Virginia Municipal League (\$208), First Virginia	-		-	+		——				
Cities ((\$6,159), Innovation Group (\$250)	-	<del></del>	<del></del>			—	<u> </u>			
Adjustments to Public Works: Overtime (Leaf Collection)			<u> </u>	<del></del>		Ļ				
Overtime (Lear Collection)  Overtime (Snow Removal)	\$			\$	· · · · · · · · · · · · · · · · · · ·	\$		\$	-	
Meals (Snow Removal)	- S			\$	<u> </u>	\$	-	\$		
Public Works can absorb these costs with increased	<del></del>			\$		5	•	\$		
Highway Maintenance Funds	<del></del>					ļ				
Adjustments to Constitutional Offices based	\$	16 372	Ottomas divisits Decombes 0000		40 270	<u> </u>	44 070	<del></del>		
on Compensation Board estimates			Change due to December 2003	\$	16,372	\$	16,372	\$	16,372	
on Compensation Dodic estimates	+		salary adjustments included in proposed			<u> </u>				
	<del></del>		for all Constitutionals except			<u> </u>				
Correction: Fleet Services Charges/Various Departmenets		14 304	Treasurer and Clerk of Court	<del></del> _		Ļ		$\perp$		
Adjustment: Region 2000 Regional Commission Dues	\$	(4,284)		\$	(4,284)		(4,284)	. \$	(4,284)	
Adjustment: Region 2000 Regional Commission Dues Adjustment: Indigent Hospitalization	\$	(4,026)		\$	(4,026)		(4,026)	\$	(4,026)	
Adjustment: Indigent Hospitalization Adjustment: Debt Service savings due to lower interest rates	\$	1,159		S	1,159		1,159	\$	1,159	
Adjustment: Debt Service savings due to lower interest rates  Adjustment: General Fund transfer to City/Federal/State Aid	\$		Change due to revised interest rates	\$		\$	•	\$	<u>-</u>	
Adjustment: General Fund transfer to City/Federal/State Aid Correction: Parks and Recreation position	\$	(13,516)		\$	(13,516)		(13,516)	\$	(13,516)	
Adjustment: Restore Overtime: Police	\$	(7,279)		s	(7,279)		(7,279)	\$	(7,279)	
	S	115,000		\$	115,000		115,000	\$	115,000	
Animal Warden	\$	430		\$	430		430	\$	430	
Emergency Communications	\$	26,676		\$	26,676		26,676	5	26,676	
Fire	\$	101,000		\$	101,000		101,000	\$	101,000	
Opportunity House	\$	2,000		\$	2,000		2,000	\$	2,000	
Crossroads House	\$	3,500		\$	3,500		3,500	\$	3,500	
SPARC House	\$	1,000	<u></u>	\$	1,000		1,000	\$	1,000	
Special Events	\$		Subtotal overtime = \$309,606	\$	60,000		60,000	\$	60,000	
Adjustment: Salary savings in Billings and Collections due to turnover	\$	(12,166)		5	(12,166)	\$	(12,166)	\$	(12,166)	
Restore General Relief Funding	s	'		<del></del>		<del></del>				
Restore Library Funding	\$		<del></del>	\$	<u> </u>	\$	1 11 740	\$	- 444 040	
Seattle Clarify + Grighting	Ψ	-	<del> </del>	\$	•	\$	141,240	- \$	141,240	
REVISED EXPENDITURES 1/	\$	128,310,944		\$	128,351,633	\$	128,492,873	\$	128,492,873	
REVISED BALANCE				Τ						
KEVIŞED BALARCE			<del></del>	\$	1,970,923	\$	580,763	1/ \$	392,593	
		,	1	- 1	,	1		1	1	

Balancing the Budget (April 27, 2004)		_		Results of	Alternate A Proposal	Alternate B Proposal		
(with Alternate proposals)	Revised		1	April 13, 2004	April 27, 2004	April 27, 2004		
	April 13,	2004	Notes	Work Session	(Pers/Bus tex to \$4.00)	(Pers/Bus tax to \$3.95)		
tems for discussion by City Council								
Museums: Additional funding for marketing	To be det	ermined						
Fleet: Reduce fleet replacement	To be det	ermined		1	1			
Commonwealth Attorney: Funding for salary increases	\$	40,955						
Take-home vehicles	To be de	termined		1				
Schools	To be de	termined	1					
Community Market (special events and conversion of wage	\$	37,347						
employees to full-time)								
Firefighter/EMS Compensation	\$	800,000	Estimate					
Tourism/Chamber of Commerce	To be de	termined						
Business Personal Property Tax Revenue	5.01/\$100	9,000	\$.20 increase = \$180,000					
Revenue Enhancements (aka tax and fee adjustments)	To be de	termined						
1/ Does not include the \$298,000 that the City may save in FY 2005	if the General Asse	mbly approves	an initiative to delay funding group life	e insurance for employees for	another year.			
			1					

Balancing the Budget (April 27, 2004)	<del></del>			Res	uits of	Altern	ate A Proposal	Alterr	ate B Proposal	
(with Alternate proposals)	Revised			April 13, 2004			27, 2004	April 27, 2004		
		3,2004	Notes		k Session	(Pers/Bus tax to \$4.00)		(Pers/Bus tax to \$3.95)		
***************************************	1					1		1	•	
FY 2005 Proposed Budget Revenues	\$	128,107,461		\$	128,107,461	\$	128,107,461	\$	128,107,461	
Changes to Proposed Revenues										
NON-DEDICATED REVENUES										
General Property Taxes	\$	128, <b>4</b> 68		\$	128,468		128,468	\$	128,468	
Other Local Taxes	\$	1,449,419	Includes raising personal property	\$	1,449,419	\$	1,449,419	\$	1,449,419	
			for vehicles to \$4.00 (\$1,431,700)					<u> </u>		
Permits, Fees and Licenses	\$	-		\$	-	\$		\$		
Use of Money and Property	\$	(40,253)		\$	(40,253)		(40,253)	\$	(40,253)	
Charges for Services	\$	448,727	Includes increased ambulance fees	\$	448,727		448,727	\$	448,727	
Miscellaneous	\$	-		\$		\$	-	\$	-	
State Non-Categorical Aid	\$	205,711		\$	205,711		205,711	\$	205,711	
Change in Non-Dedicated Revenues	\$	2,192,072		\$	2,192,072	\$	2,192,072	\$	2,192,072	
	1					ļ				
DEDICATED REVENUES	1	,				<u> </u>	(52.55		1=2.22	
State Categorical Aid-Constitutional Offices	\$	173,023	Based on information from the	. \$	173,023	5	173,023	\$	173,023	
	<u> </u>		Compensation Board							
State Categorical Aid-Intergovernmental	\$			\$		\$		\$	- 1150 000	
State Categorical Aid-Grants	\$	(150,000)	Budgeted incorrectly in the	\$	(150,000)	\$	(150,000)	\$	(150,000)	
			General Fund							
Change in Dedicated Revenues	\$	23,023		\$	23,023	\$	23,023	<u> </u>	23,023	
TOTAL CHANCE IN DESCRIPTO		0.045.005			0.045.005	•	2 245 225	-	0 04E 00E	
TOTAL CHANGE IN REVENUES	\$	2,215,095		\$	2,215,095	<del>-</del>	2,215,095	\$	2,215,095	
TOTAL REVISED REVENUES	\$	130,322,556		S	130,322,556	<u> </u>	130,322,556	\$	130,322,556	
TOTAL REVISED REVENUES	+*	130,322,330	<u></u>		100,022,000	4	130,322,336		130,322,333	
Alternate proposals										
A: Increase lodging tax from 5.5% to 6.5% plus the \$1.00/room per night				<del></del>		S	177,800	1		
B: Increase lodging tax from 5.5% to 6.5% plus the \$1.00/room per night	1					1	111,000	\$	177,800	
A: Increase admissions tax from 5% to 7% rather than the Manager's	· <del>  · · · · · · · · · · · · · · · · · · </del>	_				s	(168,000)	- <del> </del>		
proposed from 5% to 10%						-	(100,007)	<u> </u>	(168,000)	
B: Increase admissions tax from 5% to 7% rather than the Manager's	<del> </del>					<del> </del>		+ <u>*</u>	,,,,,,,	
proposed from 5% to 10%	+	<u> </u>	<del></del>		·····	<del> </del>				
A: Increase Business Personal Property from \$3.30 to \$4.00						\$	630,000			
B: Increase Business Personal Property from \$3,30 to \$3,95	1					1		\$	585,000	
Increase Personal Property from \$3.30 to \$3.95 (\$.45 increase	1							\$	(143,170)	
from Manager's proposed of \$3.50)	1									
A: Increase meals tax from 6.0% to 6.5% rather than the Manager's proposed	<u> </u>	···				\$	(626,720)			
from 6.0% to 7.0%						<u> </u>		\$	(626,720)	
B: Increase meals tax from 6.0% to 6.5% rather than the Manager's proposed										
from 6.0% to 7.0%										
A: Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed						\$	(1,262,000)			
from \$1.11 to \$1.18								\$	(1,262,000)	
B: Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed										
from \$1.11 to \$1.18										
A: Revenue from General Relief						\$	-			
B: Revenue from General Relief	<del> </del>					<u> </u>		\$	•	
REVISED REVENUES WITH ALTERNATE PROPOSALS						\$	129,073,636	\$	128,885,466	

Balancing the Budget (April 27, 2004)				Results of		Alter	nate A Proposal	Alternate & Proposal		
(with Alternate proposals)	Revised April 13,2004				April 13, 2004		27, 2004	April 27, 2004		
			Notes	Work Session			/Bus tax to \$4.00)			
FY 2005 Proposed Budget Expenditures	\$	128,107,461		\$	128,107,461	S	128,107,461	\$	s/Bus tax to \$3.95) 128,107,461	
Changes to Proposed Expenditures		-								
April 13, 2004 City Council Actions										
City Council: Defer salary increase to future	<u> </u>	·								
Public Works: Restore funding for safety picnic and meals	N/A		ļ	\$	(27,508)		(27,508)	\$	(27,508)	
for employees attending training events that extend beyond	N/A	<del> </del>		S	4,400	\$	4,400	\$	4,400	
traditional meal times		<del></del>								
CASA										
GLTC (restore night service)	N/A			\$	10,557		10,557	\$	10,557	
Legal Aid	N/A		Based on increased fares	. \$	53,240	\$	53,240	\$	53,240	
Central Virginia Area Agency on Aging	N/A			\$	-	<b>\$</b>	-	\$	-	
Central Vilginia Area Agency on Aging	N/A	<del></del> -		\$	-	<b>69</b>	<u>-</u>	\$		
April 13, 2004 City Council Action (Adjustments and Corrections)		<del></del>								
Salary supplement for Building Inspectors based on certification(s)		12,000				_				
Correction: Reduce Police Cadet Program from 6 to 4 positions	\$	(55,000)		<u>   \$</u>	12,000		12,000	\$	12,000	
Correction: Double Budgeted Neighborhood Coordinator Position	5			\$	(55,000)	\$	(55,000)	\$	(55,000)	
2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Φ	(46,000)		\$	(46,000)	\$	(46,000)	\$	(46,000)	
Adjustments to Council/Manager's Budget based	s	6,617			6,617	ė	0.02-2	<u> </u>		
on membership dues notification for the	+ <del>-</del>	0,011		+	0,017	3	6,617	\$	6,617	
Virginia Municipal League (\$208), First Virginia				<del> </del> -			—- <del>-</del>	-		
Cities ((\$6,159), Innovation Group (\$250)	<del></del>			-						
Adjustments to Public Works: Overtime (Leaf Collection)	\$			\$	<del></del>	•				
Overtime (Snow Removal)	\$			\$	-	\$	-	\$		
Meals (Snow Removal)	\$			\$	-	\$		\$	<del></del>	
Public Works can absorb these costs with increased	1			12	-	\$	-	\$	<u> </u>	
Highway Maintenance Funds	<del>-  </del>							<del></del>		
Adjustments to Constitutional Offices based	\$	16 372	Change due to December 2003	\$	40.070	<u></u>		<del></del> _		
on Compensation Board estimates		10,012	salary adjustments included in proposed	-+3-	16,372	<b>D</b>	16,372	\$	16,372	
	-		for all Constitutionals except					<del></del>		
			Treasurer and Clerk of Court	<del> </del> -				<del></del>		
Correction: Fleet Services Charges/Various Departmenets	\$	(4,284)		\$	(4,284)	<del>-</del>	(4.00.4)	<del> </del>		
Adjustment: Region 2000 Regional Commission Dues	\$	(4,026)		\$			(4,284)	-   \$	(4,284)	
Adjustment: Indigent Hospitalization	\$	1,159		\$	(4,026)		(4,026)	\$	(4,026)	
Adjustment: Debt Service savings due to lower interest rates	\$		Change due to revised interest rates	\$	1,159		1,159	\$	1,159	
Adjustment: General Fund transfer to City/Federal/State Aid	\$	(13,516)	See age to revised litterest lates	\$	(13,516)	\$	(42.540)	\$	(40.540)	
Correction: Parks and Recreation position	\$	(7,279)		\$	(7,279)		(13,516)	\$	(13,516)	
Adjustment: Restore Overtime: Police	\$	115,000					(7,279)	\$	(7,279)	
Animal Warden	\$	430		\$	115,000		115,000	\$	115,000	
Emergency Communications	\$	26,676		\$	430		430	\$	430	
Fire	\$	101,000			26,676		26,676	-   \$	26,676	
Opportunity House	\$	2,000		\$ \$	101,900		101,000	\$	101,000	
Crossroads House	\$	3,500		\$	2,000		2,000	\$	2,000	
SPARC House	\$	1,000		\$	3,500		3,500	\$	3,500	
Special Events	\$		Subtotal overtime = \$309,606	\$	1,000 60,000	*	1,000	\$	1,000	
djustment: Salary savings in Billings and Collections due	\$	(12,166)	- 4000,000	- <del>  \$</del>			60,000	\$	60,000	
to turnover	<del> </del>	,12,100)]		+	(12,166)	à	(12,166)	\$	(12,166)	
estore General Relief Funding	s	-		s	<del></del>	\$		<del> </del>	71	
estore Library Funding	\$	-		- S		\$	141,240	\$	144 040	
	<u> </u>			~		<u> </u>	141,240	\$	141,240	
EVISED EXPENDITURES 1/	\$	128,310,944		\$	128,351,833	\$	128,492,873	S	128,492,873	
Bridge Ball Alved						<del>-</del>	.20,782,010		120,482,013	
EVISED BALANCE				\$	1,970,923	\$	580,763	/ S	392,593 1	
								<del>  -</del>	302,000	

Balancing the Budget (April 27, 2004)			Results of	Alternate A Proposal	Alternate B Proposal
(with Alternate proposals)	Revised		April 13, 2004	April 27, 2004	April 27, 2004
	April 13,2004	Notes	Work Session	(Pers/Bus tax to \$4.00)	(Pers/Bus tax to \$3.95)
Items for discussion by City Council					
Museums: Additional funding for marketing	To be determined	_			
Fleet: Reduce fleet replacement	To be determined				
Commonwealth Attorney: Funding for salary increases	\$ 40,9	55			
Take-home vehicles	To be determined	_			
Schools	To be determined		- '		
Community Market (special events and conversion of wage	\$ 37,3	47			
employees to full-time)					
Firefighter/EMS Compensation	\$ 800,0	00 Estimate			
Tourism/Chamber of Commerce	To be determined				
Business Personal Property Tax Revenue	\$.01/\$100 = \$9,000	\$.20 increase = \$180,000			
Revenue Enhancements (aka tax and fee adjustments)	To be determined				
1/ Does not include the \$298,000 that the City may save in FY 2005	if the General Assembly approv	 res an initiative to delay funding group lif	e insurance for employees for	or another year.	
				1	ļ